

To: Distribution
From: Jim Maggio
Subject: Convenience Store Program

Date: February 22, 1993

This confirms earlier financial commitments made to the 1993 General Market Convenience Store Program. We will implement contracts for this program to include cancellation terms, as follows:

1. **Non-Cancelable thru 9/30/93**

PM Liability - \$8.71MM

Brand Liability

VS - 2.89MM

Merit - 1.57MM

B&H - 3.43MM

Alpine .981M

Activity - April: VS - units in production
May/June/July/Aug: B&H Launch
support/Merit/Alpine/VS
Sept: VS

2. October and November can be canceled with 90 day notice

This one time only six month cancellation language will allow the vendor, Patrick Media, to be able to have guaranteed funds generated from the program. This will enable them to make investments in the necessary hardware (frames, poles) to implement the program with the quality standards we are seeking. Without this commitment, we can not implement this program in the quality format with the minimal damage and theft issues that we have been accustomed to. We will revert back to the normal 90 day cancellation effective with the October 1993 posting.

This format will also allow us to produce all signage on styrene plastic vs. a 50/50 split between styrene and corraplast. This will result in a net production savings of \$245.3M to PM.

Various methods of application were looked at to keep this a "temporary" program, however, an appropriate system can not be developed without some form of hardware.

I believe, due to the B&H Kings Launch, and the commitment from the other brands involved in the program, the risk involved is minimal.

If I do not hear from you by the end of the week I will proceed as stated, as contracts need to be issued this week.

JM/nr

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Distribution

C. Cohen
J. Greene
P. Henriques
N. Suter

cc: S. Bender
G. Capreol
B. Ferrin
C. Shore
W. Smith
R. Stirlen

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